

## Message Text

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TO SECSTATE WASHDC 9306  
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UNCLAS LAGOS 8268

E.O. 11652 : NA

SUBJECT: EMBARGO STAYS ON ROAD CONSTRUCTION CONTRACTS

1. IN FRANK TALKS WITH EMBASSY, FEDERAL DIRECTOR OF HIGHWAYS AND STAFF, MINISTRY OF WORKS, HAVE SAID THAT NO SIGNIFICANT ISSUANCE OF CONSTRUCTION CONTRACTS WILL TAKE PLACE BEFORE MID-1979. THE QUOTE EMBARGO UNQUOTE ON NEW ROAD WORK WILL REMAIN FAIRLY TIGHT, ADMITTEDLY TO THE DETRIMENT OF NIGERIA'S ROAD SYSTEM AND TO EMPLOYMENT.

OFFICIALS STATED THAT THERE ARE NOW 207 SEPVARATE ON-GOING ROAD CONTRACTS COVERING 14,000 KILOMETERS OF HIGHWAY. THE VALUE OF THE CONTRACTS TOTALS NAIRA 3.7 BILLION. QUOTE SO MANY CONTRACTORS UNQUOTE ARE EMPLOYED THAT THE MINISTRY STILL NEEDS ADDITIONAL CONSULTANTS TO MONITOR THE WORK BEING DONE AS MINISTRY DOES NOT HAVE ENOUGH TRAINED NIGERIANS ON ITS OWN STAFF. THUS WHILE CONSTRUCTION COMPANIES CURRENTLY REPRESENT A GLUT ON THE MARKET, GOOD CONSULTANTS ARE STILL IN DEMAND. TRYING TO EASE ITS WORKLOAD, THE MINISTRY IS NOW TRYING TO SHIFT ALL ROAD MAINTENANCE RESPONSIBILITIES TO THE STATES.

2. IN ADDITION TO SEEING ITS TARGET DATES DISSOLVE, THE MINISTRY OF WORKS IS CONCERNED ABOUT THE NEGATIVE  
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SOCIAL ECONOMIC IMPACT OF UNEMPLOYED CONSTRUCTION WORKERS. ONE FEAR IS THAT DISPLACED WORKERS MAY TAKE TO CRIME IN CONGESTED URBAN AREAS. ON THE POSITIVE SIDE, MINISTRY SPOKESMAN POINT OUT THAT COMPETITION AMONG CONTRACTORS HAS RISEN SHARPLY WITH CONSEQUENT IMPROVEMENTS IN BETTER QUALITY WORK AND LOWER PRICE BIDS.

3. CONSTRUCTION COMPANIES, HOWEVER, ARE UNDERSTANDABLY UPSET. APPROXIMATELY 25 U.S.-CONNECTED FIRMS HAVE LEFT OR HAVE BEGUN THE PROCESS OF LEAVING NIGERIA IN THE PAST FIVE MONTHS. THE LARGEST BRITISH FIRM, CONSTAIN, HAS TOLD US THAT IT HAS ENOUGH CONTRACTS TO LAST ANOTHER YEAR BUT THEN WILL FIND IT HARD PRESSED TO SHOW ANY PROFIT. THE LEADING ITALIAN FIRM, IMPRESIT, IS REPORTEDLY MAKING PLANS TO CLEAR UP ITS TANGLED FINANCES AND DECAMP. VETERAN U.S. FIRMS LIKE REYNOLDS (NEW YORK) HAVE EXPRESSED THEIR ANXIETY OVER HAVING NO JOBS FROM WHICH TO EARN MONEY TO PAY FOR HEAVY INVESTMENTS IN NEW EQUIPMENT. A NUMBER OF COMPANIES HAVE SPENT CONSIDERABLE SUMS IN BRINGING IN NEW UNITS FOR A CONTINUING CONSTRUCTION BOOM. WITH THE SUDDEN BURST OF THE BOOM, THEY FIND THEMSELVES SERIOUSLY OVEREXTENDED.

4. THE MINISTRY TAKES PRIDE IN GOOD WORKING RELATIONSHIP WITH THE EMBASSY IN TERMS OF SCREENING. MINISTRY'S REGISTRATION BOARD, WHICH DID NOT EXIST AT THE TIME OF FESTAC, NOW EXAMINES THE BACKGROUND OF ALL BIDDERS AND CHECKS THE CREDENTIALS OF EACH FIRM WITH THE EMBASSY.

5. BENEATH FEDERAL DIRECTOR OF HIGHWAYS OSILI ARE FOUR DIVISIONS. S. O. OKIN IS ASSISTANT DIRECTOR FOR PLANNING. L.O. E. OBOSI IS ASSISTANT DIRECTOR FOR DESIGN. G.E. OTOBO IS ASSISTANT DIRECTOR OF CONSTRUCTION.  
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TION, MONITORING ALL CONSTRUCTION ACTIVITIES. AS CHAIRMAN OF THE REGISTRATION BOARD HE IS ALSO RESPONSIBLE FOR SCREENING CONTRACTORS. O9 OLUGBUKAN IS ASSISTANT DIRECTOR FOR MAINTENANCE. ALL THESE OFFICIALS HAVE EXPRESSED INTEREST IN MEETING REPRESENTATIVES OF AMERICAN COMPANIES WHO FIT INTO THEIR AREAS OF RESPONSIBILITY.  
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## Message Attributes

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